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Sale of Technology To Israelis Probed After Customs Raids

Lack of Export Permits Is Charged

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Federal officials, following a series of surprise raids, pressed an investigation yesterday into the possible illegal sale of military technology to Israel, but Israeli authorities and company executives insisted that they had broken no law.

The Customs Service raided factories in three states Thursday in a probe of Israel's acquisition of electroplating technology used to improve the accuracy and durability of tank cannon barrels. Customs officials said in court affidavits that the technology belongs to the U.S. Army and that the companies had not obtained the required export permits from the State and Commerce departments.

The raids brought an angry reaction in Jerusalem, where the Israeli Defense Ministry issued a series of heated denials that its military purchasing mission had attempted to buy U.S. weapons technology illegally.

The State Department late yesterday issued a statement saying that "no Israeli officials or agencies are implicated at this time." The statement came after Israeli Ambassador Meir Rosenne called at the department asking for an explanation of the raids.

The new probe is the latest in a series of disputes between the United States and Israel and could complicate efforts by both governments to cooperate in the espionage case of Jonathan Jay Pollard, who is accused of passing U.S. military secrets to Israel.

The Reagan administration said yesterday it is denying some intelligence to Israel "pending a clearer assessment" of the damage to U.S. interests caused by Pollard.

State Department spokesman Charles Redman said this was "a logical and prudent step" on the

part of the United States. Redman indicated that the limitations on "selective intelligence exchanges with Israel" had been imposed on military as well as civilian intelligence agencies.

In the cannon barrel case, John Hatsopoulos, vice president of Thermo Electron Corp. of Waltham, Mass., said his company has a \$2 million contract to provide electroplating equipment to Israel and also sells similar equipment to the U.S. Army for its M1 tank.

Hatsopoulos said the technology is not classified and that the Israeli purchase is being financed by the Defense Department under the foreign military sales program. He said the firm had obtained all the necessary export papers.

"It was totally blessed by our own Pentagon," Hatsopoulos said of the deliveries, which are nearly complete. "I suspect it's some kind of misunderstanding. I can't find out what we've done wrong."

"We checked to see if it was restricted technology and it was not on the list," Hatsopoulos said. He said the firm does not build the 120-mm cannon barrels and that some news accounts "made us sound like gunrunners."

But the Customs affidavits say the technology is "proprietary information" of the Army's Watervliet Arsenal near Albany, N.Y., and that it "was never authorized for dissemination to . . . the government of Israel." The arsenal is the only U.S. facility that produces the cannon barrels, whose "life" can be extended, from "50 to 800 rounds" of ammunition, through chrome-plating.

Customs agents with search warrants seized records from Thermo Electron's Connecticut subsidiary, Napco Co.; from its Pennsylvania subcontractor, Abernathy Lead Construction Co., and from its New Jersey shipper, G&B Packing Co.

No arrests have been made in the investigation, which is headed by the Justice Department. A U.S. government official said the case may be the first of a series involving questionable exports of military technology to Israel. A Californian was indicted in May on charges of illegally selling Israel an electronic microswitch that can be used to trigger nuclear weapons.

The new probe began in October after an Army official inspected one of the companies and found blueprints marked "IMI," indicating that the plans were destined for the state-owned Israeli Military Industries. The Army is said to be several years ahead of other countries on the chrome-plating technology. "If you have this new process, you can do it cheaper, faster and better," said David Homer, an assistant U.S. attorney in Albany.

Andy Plesser, a spokesman for Thermo Electron, said that Customs officials "really made a circus" out of Thursday's raids by "inviting an NBC News crew to go with them like they were busting drug dealers. They're making an example out of people who do business with Israel out of their embarrassment over the spy affair."

Israeli Foreign Ministry officials also questioned the timing of the charges, Washington Post correspondent William Claiborne reported from Jerusalem. The officials suggested that the raid could have been part of a U.S. attempt to "get even with Israel" after the Pollard case. A U.S. investigating team is in Israel on the Pollard case.

An Israeli defense spokesman said Israel had hired Napco to build a plant in Israel to manufacture the tank cannon and that the Pentagon had approved the contract.